

Governor's Council on Innovation and Technology



ARIZONA DEPARTMENT OF COMMERCE
Our Job is JOBS!

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Arizona: Moving Innovation and Technology Forward

Governor Napolitano established the Governor's Council on Innovation and Technology in 2003 to ensure Arizona's intellectual capital is the fuel that drives the State's economic development engine. The Council's mission is *to develop and advocate programs and policies that build a dynamic business environment and foster innovation, creation, and entrepreneurial expansion of technology-based companies throughout the State of Arizona.*

In today's changing environment, knowledge is the only constant. Economic regions that recognize the value of building knowledge capacity will catalyze their growth and competitively position themselves in the global market place. Like many states, Arizona is beginning a new economic cycle. While Arizona's driving industries continue to provide tremendous economic growth, the State must also target its efforts on accelerating high-value, high growth industries of the future.

The state is focused on strategies that advance Arizonans intellectually and economically. Arizona has demonstrated national leadership in aerospace and defense, as well as in semiconductor and electronics industries. Additionally, the state's business community and public research universities competitively position Arizona in advanced communications, information technology, life sciences, and sustainable systems.

Building on this solid base, Arizona continues to examine policies and programs that leverage these developments and encourage growth in areas where it has the potential to become a recognized global leader. Properly developed and coordinated, Arizona's assets will uniquely position the State as a global knowledge leader.

Arizona: Moving Innovation and Technology Forward serves as a tool to guide policy decisions that create opportunities and improve the quality of life for every Arizonan.

Governor's Council on Innovation and Technology

2005 Co-Chairs



Bill Hardin
Member, Osborn Maledon, PA



Steve Sanghi
CEO, Microchip Technology, Inc.



Arizona:
Moving Innovation and Technology Forward

Vision:
Arizona –
A recognized global leader in discoveries, innovation and technology development.

Arizona’s Targeted Industries

Established
Aerospace and Defense
Semiconductor/Electronics

Expanding
Advanced Manufacturing
Communications
Information Technology
Optics

Emerging
Lifesciences
Sustainable Systems

Building Arizona’s
Innovation and
Technology Capacity

Guiding Principles:

Leadership and Commitment – Arizona’s competitive leadership position in the knowledge-based economy must be realized through a long-term commitment and not by the need to achieve short-term gains.

Arizona’s Competitive Strengths – Leverage existing strengths and develop targeted strategies that magnify Arizona’s competitive position in the global marketplace.

Investment vs. Expenditures – Sound investment in knowledge-based infrastructure now will result in improved quality of life in the future.

Collaboration – Engage the public, academic, and private sectors with a unified emphasis towards a common vision.

Shared Responsibility – Emphasis on shared responsibility between the private and public sectors is paramount to achieving economic success.

2005 Business Tax Relief Package
Moving Arizona Forward is the primary focus of Governor Napolitano’s administration. In just over two years, Arizona’s transformation into a globally competitive 21st century economy is showing great results. This year the Governor signed into law the following business tax relief measures to attract, expand and retain high value growth companies throughout Arizona:

- The Small Business Investment Program**
This program, commonly referred to as the Angel Investor’s Tax Credit, will assist early-stage companies in attracting the much needed capital to expand operations and bring new ideas, products and services to market. The program provides a 30% state tax credit to qualified investors who invest in early-stage “qualified small businesses” or 35% for investments in bioscience companies and “qualified small businesses” located in rural Arizona. The credit may be offset against AZ taxable income in equal amounts over a 3-year period. Tax credits will be available to qualified investors on a first-come, first serve basis beginning July 1, 2006.
- Increased Weighted Sales Factor**
The State allows multi-state businesses to use a new apportionment formula to calculate their corporate income taxes in Arizona. Companies in Arizona can opt to "super-weight" their sales factor to reduce corporate taxes owed to the State.
- Business Property Tax Relief**
Championed by the business community, Arizona offers substantial business property tax relief through a reduction in its assessment ratio for class 1 properties from 25 percent to 20 percent of full cash value over a ten-year period.

Arizona:
Moving Innovation and Technology Forward

Technology Commercialization and Entrepreneurial Assistance
Mission: *Develop a statewide technology commercialization assistance center that coordinates entrepreneurial assistance programs to foster strong management talent for start-up and growing technology businesses, as well as to facilitate early-stage capital opportunities.*

An online business development tool has been created for technology business owners, decision-makers and entrepreneurs. This web-based central resource center will serve as a primary vehicle for connecting Arizona’s business assistance resources, as well as the State’s key innovation and technology assets. www.AzTechBizDev.com

Branding Arizona’s Innovation and Technology Assets
Mission: *Galvanize state and regional leaders to globally market Arizona’s knowledge-based assets in technology targeted industries with a unified overarching voice; as well as develop strategies to increase awareness of the state as a world-class innovation and technology center of excellence.*

A new statewide communications strategy has been developed to position Arizona as a global leader in innovation and technology – *Your Boldest Innovations Can Grow Stronger, Faster, Better in Arizona – And So Can You.* This comprehensive, efficient, multi-channel communications initiative is designed to generate and leverage business development opportunities for new and existing technology and life sciences companies. The statewide communications strategy will feature the recommended tagline - **Arizona. Moving Innovation and Technology Forward.**

Technology-Based Growth and Sustainability
Mission: *Unlock Arizona’s competitive potential by strengthening the essential foundation for innovation and technology through coordination and advancement of state and regional capabilities.*

Capital Formation and Technology Commercialization implementation efforts are currently underway, based on the Council’s initial strategic planning recommendations. To continue the focus on improving Arizona’s foundation for technology business development, education, telecommunications, and Arizona/Mexico technology business development were chosen as additional areas to advance.

- Education**
Accelerate student learning for success in a dynamic technology-rich workforce and post-secondary education.
- Telecommunications**
Improve Arizona’s telecommunications infrastructure, with a primary focus in rural areas.
- AZ/Mexico Technology Business Development**
Explore knowledge-based, high-value technology business opportunities that support the expansion of knowledge-based jobs in Arizona.

